

## THE ADL AND ORGANIZED CRIME CHAPTER X

One of America's foremost experts on organized crime, Hank Messick, reports that Meyer Lansky, the Russian-born Jewish mobster who was the Chairman of the Board of the National Crime Syndicate (NCS), had two dreams:

One was to transform the North American criminal underworld syndicate into the most powerful business and financial combine in the world, making big time crime so insulated and so "respectable" that it would be untouchable by any government prosecutors.

The second was to "buy up" Israel and convert it into the world capitol of his "legitimized" organized crime empire.

Although Lansky died before he saw either dream come true, over the past decade since his death, Lansky's twin goals have both become reality. One of the major vehicle through which the Lansky dreams became real was the Anti-Defamation League of B'nai Brith.

As we have seen in previous chapters, from its founding at the turn of the twentieth century, the ADL was first and foremost a defense agency for the Jewish wing of organized crime. Anytime police or the press attempted to probe the role of Jewish gangsters in the growing National Crime Syndicate, the ADL would target them as anti-semites.

One of the clearest indicators of the ADL's successful defense effort is the fact that the National Crime Syndicate, the most powerful criminal enterprise in the United States, run for fifty years by Meyer Lansky, was virtually unheard of. At the peak of Lansky's power, he maintained an absolute control over the infamous Sicilian Mafia ("Honored Society"), which was just one participating organization in the National Crime Syndicate.

The National Crime Syndicate, in keeping with Lansky's dream of "legitimizing" organized crime, was modeled on the National Reconstruction Administration (NRA), the Franklin Roosevelt New Deal agency responsible for overseeing public works projects from coast to coast. The NCS adopted the NRA's regional structure, in which decision making fell on a National Commission equally representing each geographic subdivision. The National Commission structure aimed at insuring the spread of organized crime into every community in the country - not just the major cities that had been traditionally hubs of mob activity: New York, New Orleans, Chicago. It also aimed at creating a self-policing system that would avert outbreaks of gang warfare which might bring law enforcement pressure and public outrage down on the crime syndicate. The Prohibition Era "Capone Wars" in Chicago had seriously weakened the crime syndicate, and Lansky intended to insure that no such petty rivalries interfered with his grand scheme.

Meyer Lansky was the undisputed Chairman of the Board of the National Crime Syndicate.

[It is no coincidence that in its own postwar reorganization, the ADL would adopt the identical structure of the National Crime Syndicate, even calling its governing body the National Commission.]

In return for its services to the Jewish mob, the ADL enjoyed the

financial benefits that go along with fronting for organized crime. ADL fundraising drives, as well as allied Jewish charities, received floods of contributions from syndicate allies of the Chairman of the Board, Meyer Lansky. Although there is no known evidence that Lansky ever donated to the ADL in his own name, such lifetime syndicate allies as Joe Linsey, Victor Posner, Meshulim Riklis, Edmond Safra, Moe Dalitz, Sam Miller and Morris Shanker gave publicly to the League. In 1985, the ADL's own monthly <Bulletin> proudly announced on its front page that the League had awarded syndicate bigshot Moe Dalitz its Philanthropist of the Year award. Dalitz's photograph, which had been plastered all over FBI wanted posters in U.S. Post Offices during the Prohibition period, accompanied the frontpage tribute to the Cleveland and Las Vegas-based gangster.

Dalitz was one of the early crime syndicate allies of Meyer Lansky. He was one of four chieftans of the Cleveland underworld - along with three other Jewish gangsters: Morris Kleinman, Sam Tucker and Louis Rothkopf. Following Prohibition, Dalitz became the undisputed boss of Cleveland, expanding his criminal operations to include gambling clubs in Miami. One of those night spots, the Frolics Club, was co-owned by Dalitz and Lansky himself. When Lansky moved into Cuba to open up his first offshore gambling, narcotics and money laundering haven, Dalitz was brought in as a privileged partner. When Lansky decided it was necessary to eliminate one of his earliest syndicate partners, Benjamin "Bugsy" Siegel from Las Vegas, Dalitz was cut in on a lion's share of the casinos and related underworld businesses. Right up to Lansky's final days, Dalitz was an intimate associate and frequent visitor at Lansky's Miami Beach apartment.

By 1963, at the point that the ADL was ready to abandon its 25 year joint fundraising enterprise with the rival American Jewish Committee (AJC), the League assured its financial success by naming as its national chairman the well-known Hollywood producer Dore Schary. By this point in time, Meyer Lansky's campaign to sanitize the Jewish syndicate image had already advanced to the point that it was safe for the ADL to draw upon Schary's name in its fundraising appeals.

Schary was known throughout Hollywood as a lifetime friend and protege of another one of Lansky's top lieutenants, Abner "Longie" Zwillman, the boss of Atlantic City, New Jersey who was one of the first members of the National Crime Syndicate to invest heavily in Hollywood. Zwillman was an original member of Murder, Inc. - the National Crime Syndicate's assassination squad run personally by Meyer Lansky and Benjamin "Bugsy" Siegel. During the Prohibition Period, Zwillman had been a member of the "Big Seven," an east coast group of Lansky allies who controlled the distribution of bootlegged booze, smuggled in from Canada where it was produced by the Sam Bronfman Gang. After the elimination of New Jersey mob rivals Irving Wexler ("Waxie" Gordon) and Arthur Flegenheimer ("Dutch Schultz"), Zwillman took over all syndicate rackets in the state, eventually expanding his holdings to Las Vegas gambling casinos and then into the Hollywood motion picture studios.

When Zwillman fell ill and threatened to expose Lansky to renewed government investigations, the syndicate's National Commission agreed that the New Jersey crime boss should be eliminated. On February 27, 1959, Zwillman was found dead in the basement of his twenty room mansion in West Orange, New Jersey. Local police wrote off his death as a



(3)

"suicide" but it was widely known that he had been executed by the very Murder, Inc. apparatus that he had helped to found.

The man who would become national chairman of the ADL four years later, Dore Schary, was widely reported to have attended Zwillman's funeral, a claim Schary denied.

The Federal Bureau of Investigation was not so sure that Schary was telling the truth. In a lengthy background report on Schary written by the Newark FBI Field Office on August 2, 1961, the following interesting observations were made about both Schary and Zwillman:

"Newspaper clipping dated March 4, 1959 reflects that Dore Schary denied that he attended the funeral of Abner Zwillman. This clipping reflects that Schary said he was correcting for the record published reports that he attended the funeral. Schary in this clipping denied that he was a close friend of Zwillman and stated he had not seen Zwillman since thirty years ago at the Newark YM-YWHA, where he was directing amateur theatricals."

Organized crime experts charge that Dore Schary got his start in Hollywood under the patronage of Zwillman, who was one of the first National Crime Syndicate commissioners to be given the franchise to invest Prohibition bootlegging profits in the movie industry.

The FBI report continued:

"On February 26, 1959, [deleted] West Orange, New Jersey Police Department, advised SA [deleted] that ABNER "LONGIE" ZWILLMAN had committed suicide by hanging in the basement of his home at 50 Beverly Road, West Orange, New Jersey, on that date.

"An article in the February 28, 1959 issue of the New York 'World Telegram,' a daily New York, New York newspaper, stated that 'Abner (Longie) Zwillman was the perfect underworld czar - one who wielded immense power from the shadows ... Nobody ... followed so successfully for so long the approved underworld formula for success -- from rags to rackets to riches to respectability. Longie Zwillman, who headed a \$50 million bootlegging ring in Prohibition days, followed the pattern to perfection and in his later years lived grandly behind the protective facade of his 20-room mansion in West Orange - and made angry noises about suing people who charged he was still a racketeer.

"Some of the steam went out of the pretense, however, after the Kefauver crime probe. Zwillman vanished when investigators wanted words with him, and when the committee did finally induce him to accept a subpoena he had to plead the Fifth Amendment against possible self-incrimination 41 times ... He early found his way into the numbers racket, and when Prohibition came along he became one of the czars of the New Jersey rum-running fleet ... He began funneling his millions into legitimate enterprises ... and it was not until the Kefauver investigation that some of these innocent-appearing fronts were exposed ... He parlayed his ill-gotten millions into statewide power in New Jersey ... in 1952 the Department of Internal Revenue slapped a \$940,000 income tax lien against him, and in 1956, he went on trial for income tax evasion. He was acquitted. But just this month the Federal Bureau of Investigation charged that a juror had been bribed and began making arrests."

The appointment of Dore Schary as national chairman of the ADL, a post he held from 1963-1969, was symbolic. The Jewish syndicate was ready to go public, and it would no longer be necessary for the ADL to

(4)

conceal its longstanding deep crime links.

One of the oldest and strongest ties between the League and the National Crime Syndicate centered around one of the mob's favorite New York City banks, the Sterling National Bank. According to accounts by organized crime specialists, Sterling National was founded in 1929 by one of Meyer Lansky's closest syndicate associates, Frank Erickson. Erickson was one of Lansky's chief money handlers. After the November 1926 assassination of Arnold Rothstein, the predecessor to Lansky as the "Brains" of the Jewish mob, Lansky personally arranged for Erickson to take over the management of the syndicate's nationwide bookmaking operations. Erickson was Lansky's money handler in several major business ventures including Lansky's hidden ownership of racetracks in Florida and casinos in Nevada, according to Lansky biographer Hank Messick.

Sterling National Bank was also the syndicate's "factor" bank in the New York City garment center - doling out high interest short term loans to enable the thousands of small clothing manufacturers to purchase raw materials. The loans were collateralized by the garment companies' accounts-receivable. It was a quasi-legalized form of loan sharking. Erickson's relationship to Meyer Lansky gave Sterling National virtually unchallenged control over the garment center.

In 1934, Theodore H. Silbert joined the bank. By 1945, he was President. Under Silbert, Sterling National was restructured in 1966, becoming a wholly owned subsidiary of Standard Financial Corporation, which in turn was wholly owned by Sterling Bancorp, a holding company whose shares were sold on the New York Stock Exchange. Silbert was the chairman, director and chief executive officer of all three corporations.

Silbert was also a lifelong member of the Anti-Defamation League, serving on the National Commission and the National Executive Committee as the ADL's Treasurer, and directing ADL's fundraising drive, the ADL Appeal (to which mobster Moe Dalitz and many other Lansky frontmen contributed). Silbert is today an Honorary Vice Chairman of the ADL.

Sterling National Bank is the ADL's bank. According to ADL financial records on file with the Internal Revenue Service, up through 1976, Sterling National Bank and Standard Financial Corporation were the only outside institutions in which the ADL made any investments (the only exception being a \$5,000 one time investment in the American Bank and Trust Company, headed by ADL National Commissioner and one-time B'nai Brith International President Phillip Klutznick). The ADL Appeal's bank account was at Sterling. After 1978, the ADL transferred all of its banking and investment activities - including the ADL Foundation - to Sterling National Bank, according to several sources in the financial community familiar with the League's activities.

Although Silbert was apparently installed as Sterling's chief financial officer to conceal the bank's links to the National Crime Syndicate, the ADL fundraiser did not do a very good job of insulating the bank from charges of crime ties.

As of 1982, Sterling National Bank and its associated bank holding companies, were the targets of three civil suits, all charging that the bank had engaged in fraud and theft conspiracies. The charges leveled against Sterling National Bank were identical to the more recent criminal charges successfully brought against ADL linked junk bond



swindlers and inside traders Ivan Boesky and Michael Milken.

\* In 1979, Daniel Meister sued Sterling National Bank, Standard Factors, Brooke and Taylor, Reed and Dunmore, Bernard Spector and Marvin Tallerman in the Federal District Court for the Southern District of New York. The case number was 79 CIV 3040. Meister charged that Tallerman had looted his own company, Latin American Resources, in collusion with Sterling National Bank, in order to defraud investors. The modus operandi of the theft is suggestive of how Sterling "washes" illegal funds into the ADL.

Tallerman converted \$880,000 of his company's assets into a letter of credit which was issued to a dummy company in New Jersey which he owned. Sterling National Bank funneled the money into a series of offshore bank accounts in Panama and Switzerland. Tallerman defaulted on the loans to his own company and made off with the cash - courtesy of Sterling's offshore laundering skills. Tallerman pled guilty to criminal charges, in addition to the civil suit, which named Sterling National Banks' chief of factoring, Jordan Posh, as a co-conspirator.

\* In a similar scheme several years earlier, Sterling was charged in another civil law suit in federal court with conspiring with a number of other banks to conceal a publicly traded company's insolvency in order to loot the public by soliciting investments in a company that was already bankrupt. In 1976, David Haber initiated a class action suit against Jerome, Norman and Raphael Dansker, the owners of Investors Funding Corporation. IFC, founded in 1946, was driven into bankruptcy in 1974, at which point Sterling, along with Israel Discount Bank, Barclays Bank and a number of other corporations, continued to peddle IFC stock and divert these funds into hidden accounts - fully knowing that the company had gone under.

The biggest bank fraud scandal involving Sterling played out in the early 1980s, amid a backdrop of international terrorism. In December 1981, terrorists from the Italian Red Brigades kidnapped General James Dozier, the commander of NATO forces in Italy. In a radical departure from the normal hostage rescue methods, the Italian government began an across-the-board crackdown on Mafia operations throughout Italy and Sicily, even attacking known mob financial operations in New York City. The theory behind the rescue effort was that the crime syndicate would help the Italians and Americans free General Dozier in order to get the government to ease up on the pressure, which was costing the syndicate billions of dollars and jeopardizing their infrastructure. The Italian government had by this point figured out that the terrorist infrastructure inside the country was tied to more traditional criminal underworld networks, obtaining weapons, safehouses and phony identification papers from the mob in return for aiding in the smuggling of illegal narcotics and the carrying out of kidnappings.

This radical approach to dealing with terrorism - literally forcing organized crime to aid the government rescue effort - did eventually lead to the freeing of General Dozier and the apprehension of the Red Brigade kidnappers.

In the process of the operation, a curious thing happened which had major implications for the ADL and its own links to organized crime. On January 29, 1982, the Italian government, acting through Adolfo Dolmetta, Giovanni Rubboli and Vittorio Coda, filed a civil suit in the Federal District Court of the Southern District of New York charging

(6)

"constructive trust, conspiracy to defraud, fraud and breach of fiduciary duty." Named among the defendants were Sterling Bancorp, Standard Prudential Corporation (formerly Financial Corporation) and Sterling National Bank and Trust Company of New York. The plaintiffs were Italian government-appointed liquidators of the Banca Privata Italiana, S.p.A. They charged that Sterling National had participated in an international money laundering scheme to help Italian banker Michele Sindona steal \$27 million in deposits from Banca Privata and another Milan bank, Banca Unione during 1973-74.

According to the civil complaint filed in the Southern District court, "BPI was ordered into liquidation by the Italian Ministry of the Treasury on or about September 27, 1974. The initial liquidator of BPI, Giorgio Ambrosoli, was murdered in July 1979. In or about July 1981, a warrant of arrest for the murder of Ambrosoli was issued against Sindona by the Inquiring Judge of Milan, in the framework of the penal proceeding commenced in Milan in or about 1980 against Sindona and another."

Following the Ambrosoli assassination, the three plaintiffs were appointed as the Banca Privata liquidators. The January 1981 suit against Sterling National Bank was part of the Mafia crackdown operation initiated by the Italian authorities to force the syndicate's cooperation in the rescue of General Dozier. Sindona was later linked to the Propaganda Due Freemasonic Lodge, a crime-tainted grouping implicated in the assassination attempt against Pope John Paul II in May 1981.

Sterling National Bank was charged in the civil suit with helping Sindona to steal \$27,180,000 in BPI and Banca Unione deposits through an elaborate money laundering scheme involving dummy companies in Switzerland, Luxembourg, Utah and Delaware. The theft scheme was triggered by the collapse of Franklin National Bank, a Long Island, New York bank in which Sindona was heavily invested. To cover his pending losses in the Franklin failure, Sindona apparently began looting funds on deposit in other banks that he controlled. Among the co-defendants with Sindona and Sterling National was the former Nixon Administration Secretary of the Treasury, David Kennedy, a business partner of Sindona at the time of the Franklin National collapse. Sterling helped Sindona conceal the stolen funds by mediating the purchase of stock in a New York City factoring company, Talcott National Company - a move that Sterling concealed from the Federal Reserve Board in violation of U.S. law. Sterling then "loaned" Sindona \$2.7 million. The loan was collateralized by Sindona turning over the Talcott stock to Sterling, which Sterling later "sold" to David Kennedy - with funds provided by Sterling National Bank. The elaborate shell game enabled Sindona to conceal - for a period of time - the theft.

The Banca Privata scam was a classic operation right out of the pages of Meyer Lansky's organized crime handbook. Sterling's expertise was not surprising. Its board of directors included several experts in financial magic - including at least two men who would go on to assume prominent positions in the Reagan-Bush administration. Both men were also major backers of the Anti-Defamation League:

\* Maxwell Rabb, the Vice Chairman of the powerful New York State ADL and a Sterling National Bank director, became the Ambassador to Italy under President Ronald Reagan. Rabb maintained close ties to the



(7)

leading Jewish mob attorney Roy Marcus Cohn throughout his diplomatic posting in Rome. Rabb's daughter, although an American citizen, was a top financial advisor to the government of San Marino, a tiny state on the Italian border which was run by the Italian Communist Party and was notorious for having the loosest banking regulations of any country in the free world. Rabb had been a key ADL politico dating back to the time of the Eisenhower Administration, when he was Cabinet Secretary to the President. Despite these political credentials, Rabb was exposed in the New York City press in the 1970s as a business partner of Meyer Lansky. Rabb and Lansky jointly setup the International Airport Hotels Corporation. It was one of those rare instances in which Lansky placed his own name on a corporate board of directors list. Not surprisingly, he chose to take such a bold move in partnership with a top official of the Anti-Defamation League.

\* The other ADL-Reaganite on the board of Sterling National Bank was Arnold Burns. In 1985, Burns was appointed by President Reagan to the post of Deputy Attorney General, making him the second most powerful federal prosecutor. Burns, like Rabb, had significant organized crime ties. Through his law firm, Burns and Summit, Burns had structured a tax evasion scheme in which clients made false claims of investments in off shore tax shelters that were to provide capital to high technology firms in Israel. Under an incredible loophole in the U.S. federal tax codes, engineered by Zionist Lobby figures in the United States Congress, investments in Israeli research and development firms were exempted from American taxes.

According to news accounts and federal government investigators, Burns and Summit never passed the funds onto the Israeli firms. They merely held the investors' money offshore in secret bank accounts in the Bahamas - permitting the investors to claim millions of dollars in tax write-offs. According to at least one news account of the scandal, one of the Israeli attorneys who conspired with Burns was Howard Katz, a former Boston, Massachusetts-based lawyer who was heavily involved in the Jonathan Jay Pollard spy scandal. Katz handled the secret Israeli spy accounts through which payments to Pollard were passed. Katz personally purchased the condominium apartment in Washington, D.C. where Pollard would deliver secret American government documents to Israeli embassy officials.

Despite the fact that all this damning evidence came out publicly, Arnold Burns was never prosecuted. In a sealed arrangement with federal prosecutors, Burns testified in court against several of his clients and business partners, who eventually went to jail, while Burns went on to become Deputy Attorney General of the United States.

In that capacity as Deputy Attorney General, Burns played a key insider role in the looting of a Washington computer software firm, Inslaw, which had been slated to receive a one billion dollar contract from the Department of Justice to install and manage an integrated computer case management system. Burns and others, according to U.S. federal court records, intentionally bankrupted Inslaw by withholding millions of dollars in Justice Department payments to the company, as part of a scheme to take over the software contract. According to a U.S. Senate investigative report on the Inslaw bankruptcy, Burns personally intervened with the law firm representing Inslaw to sabotage the company's case against the Justice Department. Evidence suggests

(8)

that Burns was working on behalf of Charles Allen and Company, a mob-linked Wall Street investment house which was financing the rival company slated to receive the Justice Department contract. Allen and Company were Meyer Lansky's main financiers in his 1960s move to establish a casino gambling and narcotics smuggling empire on the Caribbean Bahamas Islands. Computer industry specialists confirm that the company servicing the Justice Department computers would have real-time access to the entire federal government criminal justice data base, including such sensitive information as grand jury testimony, the identities of federal undercover agents and federally protected witnesses, and pending indictments. The Inslaw scandal is still the subject of federal court cases and at least one congressional investigation.

If corrupt bankers were one key to Meyer Lansky's scheme to legitimize the National Crime Syndicate, the second cornerstone of his grand dream was corrupt lawyers. Once again, the Anti-Defamation League would provide the key personnel.

No single person epitomizes the central role of the ADL in the Lansky grand design more than Kenneth Bialkin. Like Dore Schary, Bialkin was a symbol of the Anti-Defamation League's marriage with the mob. Bialkin, one of Wall Street's most powerful and wealthy lawyers, was the National Chairman of the ADL from 1982-86. In 1984, he also became the President of the Conference of Presidents of Major Jewish Organizations. He was the President of the Jerusalem Foundation, a prestigious and explicitly Freemasonic group headed by the Holy City's longtime Mayor Teddy Kolleck. Today, Bialkin is the Honorary Chairman of the ADL and the President of the ADL Foundation, the League's major current financial arm (housed at Sterling National Bank). Up until he moved to the world's largest law firm, Scadden Arps, several years ago, Bialkin was one of two senior managing partners of the Wall Street firm of Willkie, Farr and Gallagher. Throughout his years with Willkie Farr, the firm handled many of ADL's legal affairs - always on a "pro-bono" (free of charge) basis.

Attorney Kenneth Bialkin was also the brains behind narcotics trafficker and international fugitive-thief Robert Vesco, according to federal court records in the Southern District of New York.

To understand the complex \$270 million looting of Investors Overseas Service by Robert Vesco, Willkie Farr and Gallagher, and several other top ADL linked figures, it is necessary to provide a brief profile of the IOS money laundering scheme, first established during the 1960s by a Rothschild family front man named Bernie Cornfeld.

A former organizer in New York City for the Socialist Party USA, Bernie Cornfeld showed up in Geneva, Switzerland in the early 1960s with a startup fund provided by the French branch of the Rothschild family. He rapidly established a complex network of companies, including IOS and the Fund of Funds, ostensibly to manage portfolios of mutual funds on behalf of a large clientele of small and medium size investors from all parts of the world. Because all of the Cornfeld companies were incorporated in Switzerland, where bank secrecy laws protect the identities of all investors and depositors, from the outset the companies became a haven for organized crime profits - especially those of National Crime Syndicate boss Meyer Lansky.

Author Hank Messick described the Cornfeld-IOS relationship to



(9)

Lansky as follows:

"Concurrent with the spread of casinos in the Bahamas was another development of vast significance. Public-owned corporations invaded the gambling field as the final refinement of Lansky's master plan...

"Playing an important role behind the scenes was the giant Investors Overseas Service, the parent company of a host of subsidiaries holding some \$2 billion in mutual funds. Based in Switzerland, and not subject to regulation by the Securities and Exchange Commission, IOS operated around the world. It bought stock for its anonymous customers from the public corporations owning the casinos, and there was no way to tell if the purchaser was Meyer Lansky or Henry Ford II.

"The 1970 trial of Alvin Malnik put on record much information about the gangster-dominated Bank of World Commerce in Nassau, and the International Credit Bank of Switzerland headed by Tibor Rosenbaum. Literally millions passed back and forth between the two banks and was reinvested in the United States. Connections between IOS and the International Credit Bank were more obscure but nonetheless real.

"Bernie Cornfeld, the founder and until 1970 the guiding genius of IOS, was a close friend and business associate of Tibor Rosenbaum. IOS and the International Credit Bank, for example, jointly loaned money to an English-language newspaper in Geneva, which was later taken over by IOS.

"Even more to the point was Cornfeld's use of Sylvain Ferdman. An official of the International Credit Bank, Ferdman was identified by Life magazine in 1967 as a courier for Meyer Lansky. He was also a close friend and associate of Malnik and the Bank of World Commerce. When IOS encountered difficulties in Brazil, Cornfeld sent Ferdman to that country to pick up the pieces. A front from a philanthropic agency was provided, but Ferdman was in reality a secret agent.

"The International Credit Bank eventually set up a branch office in Nassau to expedite the flow of money and eliminate the need for couriers. With such facilities easily available - and many IOS companies were based in Nassau - money could disappear into IOS and reappear anywhere as a loan or investment.

"One such investment by a subsidiary of IOS showed up in 'Lanskyland,' the area just east of Gulfstream Park. It was a \$40,000,000 high-rise apartment complex, and who the real owners were no one could know.

"A lot of Resorts International stock was purchased by IOS, for example, and Resorts officials became annoyed when suggestions were made that the buys were made on behalf of Lansky. The irony of it was, however, that Resorts could no more disprove the charges than officials could prove it.

"By means of the international financial structure, machinery existed to conceal the holdings of Lansky or any other member of organized crime. To all intents and purposes, they had become invisible."

One side-benefit of the invisibility was that front men, such as Cornfeld, could be eliminated and replaced without having to resort to the earlier syndicate liquidation methods perfected by Lansky's own Murder, Inc. Now, personnel retirements became the work of Wall Street law firms and high priced accountants.

According to federal court records, Kenneth Bialkin and Willkie Farr

(10)

and Gallagher handled the ouster of Cornfeld from IOS. His replacement was a Detroit-born salesman who had been at one time employed by an alleged Central Intelligence Agency front company called All-American Engineering, itself a wholly owned subsidiary of the Delaware-headquartered DuPont Chemical Company. His name was Robert Vesco.

A careful review of court records and other published sources reveals that Vesco was a designated front-man for a group of Anti-Defamation League operators. According to court testimony by Kenneth Bialkin in a 1974 class action suit brought by defrauded investors in Fund of Funds, Willkie Farr and Gallagher had done business with Vesco years before they aided him from behind the scenes in his takeover and eventual looting of IOS.

In a 1971 meeting in London, England, Willkie Farr attorneys introduced Vesco to a wealthy Jewish mobster named Meshulam Riklis. During the war for Israeli independence, Riklis had fled Palestine because he was discovered to be a police informant for the British authorities and was sentenced to death by the Irgun, one of the

underground groups. Riklis eventually wound up in Minneapolis, Minnesota, where he was picked up by Burton Joseph, one of the top officials of the Anti-Defamation League and an ally of the local grain cartels. Joseph was the National Chairman of the ADL from 1977-80.

With startup money from Joseph, Riklis took over one of the flagship liquor companies to emerge from the Prohibition bootlegging organization of Meyer Lansky and the National Crime Syndicate, Schenleys Distilleries. Schenleys had been established by Lewis Rosensteil, a longtime friend of Lansky, Johnny Torrio and Joseph Linsey. Torrio, an early syndicate patron of Lansky, was a dominant shareholder in a Schenleys affiliated company, Prendergast and Davies Company, Limited, run by Rosensteil's brother-in-law Herbert Heller. Rosensteil was another shining example of how the National Crime Syndicate established respectability and social standing. Not only was Rosensteil a bigtime donor to the ADL. He was one of the largest contributors to the University of Miami endowment, and was also the founder of the J. Edgar Hoover Foundation, established in honor of his longtime friend, FBI Director J. Edgar Hoover. The Foundation was established with stock in Schenleys Distillers. When he retired as Hoover's longtime deputy at the FBI, Louis Nichols became Vice President of Schenleys.

The company was an ideal front for Riklis and the Minneapolis ADL crowd behind him. Riklis bought heavily into IOS, to the point that, by the time of the London meeting with Vesco, Riklis held a controlling interest in the mutual fund empire.

The ouster of Cornfeld and his replacement by Vesco was greatly facilitated by the fact that at least three partners in Willkie Farr all sat on the boards of IOS companies - Allan Conwill, John D'Alimonte and Raymond Merrit. The three reported to managing partner Bialkin.

In 1971, Riklis transferred his controlling interests in IOS to Robert Vesco. Vesco immediately moved to oust Cornfeld from the directorship of the companies.

Shortly after the Vesco takeover, in early 1972, Willkie Farr attorney Alan Conwill sold off most of the assets of an IOS subsidiary called FOF Proprietary Funds for \$60 million. During August 1972, those



11

funds were illegally transferred to a Luxembourg shell company called Overseas Development Bank. The shell was setup by Willkie Farr solely to receive the \$60 million stolen from the FOF Proprietary Funds account at the Bank of New York. The funds were transferred shortly to another Vesco front established by Willkie Farr called Inter-American Corporation. From the purchase of worthless stock in Inter-American, the money was washed into the Phoenix Bank of the Bahamas, another outfit specially established for the occasion by Willkie Farr lawyer Jay Levy. Eventually the \$60 million arrived in Costa Rica just as the now-fugitive Vesco was landing there as well.

Through a parallel process, Vesco additionally walked away with \$210 million in IOS funds. It is widely believed that those funds were the accumulated laundered profits of the Meyer Lansky crime organization, and that Vesco had merely transferred the money into a new, Caribbean-based offshore banking apparatus, replacing the Swiss centered IOS and its affiliated International Credit Bank of Tibor Rosenbaum. The precise route by which the \$210 million was lifted from IOS is not known, because no effort was ever made by the "investors" to sue Vesco, Bialkin or others to recover the loss. That fact alone constitutes the strongest circumstantial evidence that the Vesco-Bialkin looting of IOS was part of a major then-ongoing restructuring of North American organized crime. Lansky was moving the center of world dirty money laundering from its former capital in the mountains of Switzerland to his newly expanded Caribbean gambling and hot money empire.

At a point after Vesco landed in Costa Rica, the Willkie Farr frontman, still working through Bialkin and company, attempted to buy out Resorts International, the Bahamas-headquartered casino resort setup years earlier by Lansky. The deal never went through, despite a string of meetings between Vesco attorneys and lawyers representing the resort. Once again, top ADL officials were lurking in the shadows of the deal. Representing unnamed parties in the negotiations was the Wall Street law firm of Fried Frank Harris Schriever and Kampelman. Senior partner Max Kampelman, today an Honorary Vice Chairman of the ADL and one of its most active National Commissioners for decades, was a member of the "Minneapolis Mafia" along with Burton Joseph that setup Riklis and Vesco in business.

One possible explanation for the failure of the Vesco takeover of the Resorts International operation in Paradise Island, Bahamas is the fact that a class action suit filed in July 1974 in the Federal District Court for the Southern District of New York (74CIV80) threatened to unravel the complex scheme through which the \$60 million piece of IOS had been lifted by the future National Chairman of the ADL. The suit, <The Stockholders of Fund of Funds, Investors Overseas Service, Inc. versus Robert Vesco, Alan Conwill, The Bank of New York and Willkie Farr and Gallagher>, would go on for six years and would ultimately result in a jury verdict against the defendants and a court ordered payment of \$60 million by the Bank of New York and Bialkin's law firm Willkie Farr.

On July 31, 1980, Federal Judge D.J. Stewart ordered the Bank of New York to pay the defrauded IOS investors a total of \$35.6 million and ordered Willkie Farr and Gallagher to pay the remaining \$24.4 million.

The public court files of the suit fill twenty boxes. They contain extensive correspondence, depositions and other documents showing the guiding hand of Kenneth Bialkin and Willkie Farr in the Vesco looting

scheme.

Vesco's next task would place him at the very center of the world illegal narcotics trade.

Now a fugitive from American justice, Vesco cut the image of a rogue financial wizard, buying a lavish walled estate in Costa Rica, blatantly buying up every loose politician on the island, and purchasing a yacht that would shuttle him and family and business associates around the Caribbean. After funneling a large illegal contribution into Richard Nixon's 1972 reelection campaign, Vesco made similar covert financial payoffs to the 1976 Presidential campaign of Democrat Jimmy Carter. Parlaying his influence with the new administration (albeit from distant Caribbean exile), Vesco next attempted to unfreeze a fleet of Boeing 747s that had been purchased by Libyan dictator Muammar Qaddafi, by attempting to buy up the President's brother, Billy Carter. Billy was more than willing to cooperate with Vesco and Qaddafi. When the "Billygate" story hit the newspapers on the eve of Jimmy Carter's 1980 reelection campaign, it practically sealed the incumbent's defeat.

With each successive scandal, Vesco's name became more and more synonymous with rogue financial dealings. And with each successive scandal, Vesco's ties to the Anti-Defamation League bigshots Bialkin, Joseph, Riklis, Kampelman, etc. became more invisible.

In effect, the ADL set up their front-man Vesco to draw the attention away from their ongoing involvement in Lansky's grand scheme - in much the same way that Lansky had himself built up a wall of insulation against public exposure.

Publicly distanced from his ADL controllers, Vesco, by 1979, was paving the way for the biggest narcotics bonanza in the history of North America. In partnership with a small-time Colombian hoodlum who had served a half dozen years in a Florida jail for car theft and marijuana smuggling named Carlos Lehder Rivas, Robert Vesco purchased the Bahamian island of Norman's Cay. For the next three years, Norman's Cay served as the major transshipment point for the flow of Colombian cocaine in to the United States. The unlikely business partnership between the ADL's syndicate frontman Vesco and the Colombian hoodlum who openly proclaimed his admiration for Adolph Hitler was a strategic move. Lehder's family back in Colombia was closely tied to the leading Medellin crime families who had built up a fortune through emerald smuggling, and were now in the process of financing a massive expansion of coca production in Bolivia and Peru, which would be processed and transported up to the United States via secret laboratories and clandestine airstrips in Colombia. The Vesco-Lehder partnership blossomed into what is now known as the Medellin Cartel.

Although popularized accounts portray the Medellin Cartel as a Colombian phenomenon which has supplanted traditional North American criminal organizations in the narcotics business, the truth is quite to the contrary. As part of Meyer Lansky's wholesale move into the Western Hemisphere, a move greatly facilitated by new banking deregulation laws passed during the Carter administration, the Republic of Panama and the Caribbean islands became overnight the new haven for dirty money. And the Lansky-ADL apparatus was already there on the ground to run the show from behind the scenes. It would be through this elaborate offshore money laundering apparatus that the old Lansky organization would retain choke-point control over the Medellin and other South American cocaine



(13)

artels. While the Colombians grabbed the headlines, the Lansky organization - including the prominent ADL figures - would rake in the cash.

Anti-Defamation League supporter Sol Linowitz was the Carter administration's special negotiator for the Panama Canal Treaty. Linowitz ran the negotiations with one overriding objective in mind: to open up the Panama banks to offshore dirty money. Linowitz was no disinterested party. As a director of Marine Midland Bank, the correspondent bank of the National Bank of Panama, Linowitz was personally at the center of the hot money circuit. In 1978, in the midst of the Panama Canal Treaty negotiations, Linowitz's Marine Midland Bank was purchased by the Hong Kong and Shanghai Banking Corporation, the most notorious drug money laundering facility in the world since the time of the nineteenth century Opium Wars in China.

What's more, during this entire period of buildup for the "Cocaine Bonanza" of the 1980s, the Carter Administration's Secretary of Commerce was a top ADL official, Phillip Klutznik. According to the ADL's official oral history, "Not The Work Of A Day," the Carter White House and Democratic Party National Chairman Robert Strauss consulted directly with Burton Joseph, a longtime friend of Vice President Walter Mondale, on the selection of Klutznik as Commerce Secretary. The same Burton Joseph, then serving as the National Chairman of the ADL, had been the "match-maker" between Riklis and Vesco.

To this day, U.S. government prosecutors consider Robert Vesco a kingpin of the cocaine trade.

After fleeing Costa Rica in 1981 to avoid arrest by American drug enforcement agents, Vesco eventually obtained permission from Cuban dictator Fidel Castro to set up housekeeping in Havana. The invitation must have greatly amused Meyer Lansky, whose longstanding dream of building up a casino empire in Cuba had been dashed when Castro seized power from Lansky's longtime friend Fulgencio Batista.

Among the services that Vesco provided to the Cuban communist dictator in return for the hospitality was to cut Castro into the drug smuggling business that he had built up in partnership with Lehder. Not that Castro particularly needed the American's help. From no later than the early 1960s, Castro had been guided by Soviet Bloc intelligence services to get in on the drug trade. Communist guerilla bands in Colombia, Peru and Central America had learned to finance their arms purchases by dealing with the drug traffickers. Leftist guerillas would guard coca and marijuana plantations, in some instances actually growing and processing the drugs themselves, and in other instances providing armed convoys for the traffickers as they shipped the unprocessed cocaine base to the laboratories.

Vesco, however, provided the Cubans and their Sandinista allies in nearby Nicaragua with a direct entre to the main smuggling routes through the Caribbean. Through Vesco's intermediation, the Cubans and Nicaraguans were soon providing refueling and other transshipment services to the Medellin Cartel - earning millions of dollars in hard currency while hastening the cultural and moral demise of the "Yankees."

On April 17, 1989, the U.S. Department of Justice announced that a grand jury indictment had been handed down against Robert Vesco, charging him with cocaine smuggling. The press release accompanying the indictment stated in part:

14

Robert W. Genzman, United States Attorney for the Middle District of Florida, announces today the indictment of two additional defendants by a grand jury in Jacksonville, Florida, in an investigation of the smuggling of cocaine from Colombia into the United States by members of the Medellin Cartel. Charged with conspiring to import cocaine into the United States was Robert Lee Vesco. Vesco, 55, currently residing in Cuba, was named as a part of a conspiracy involving 30 other defendants which functioned from 1974 through 1989. The indictment specifically alleges that Vesco assisted Carlos Lehder, formerly one of the leaders of the Medellin Cartel, in arranging for the passage of planes carrying cocaine over Cuba in late 1984. Lehder is now serving a sentence of life imprisonment after having been convicted of cocaine smuggling at Jacksonville, Florida in 1988. If convicted, Vesco could receive a maximum penalty of life imprisonment and a \$4,000,000 fine...

"Vesco ... [was] charged in a superceding indictment that names 30 defendants, including Pablo Escobar-Gaviria, Jose Gonzalo Rodriguez-Gacha, and Jorge Ochoa-Vasquez, all members of the Medellin Cartel, which was returned in February, 1989."

According to the indictment, in May 1984, Carlos Lehder, Pablo Escobar-Gaviria, Jorge Ochoa-Vasquez, Fabio Ochoa-Vasquez and Gonzalo Rodriguez-Gacha were all operating out of Nicaragua, where they fled immediately following the assassination of Colombia's Justice Minister Rodrigo Lara Bonilla by a Medellin Cartel assassination squad. Through a large payoff to Sandinista officials, the five Medellin Cartel bosses had arranged to shift their smuggling operations to the Central American country, and had already stashed 1,400 kilograms (nearly 3,000 pounds) of cocaine at a hangar at Los Brasiles Air Base.

In October 1984, Lehder sent a courier from Corn Island, Nicaragua to Cayo Largo, Cuba carrying a letter to Robert Vesco asking his old smuggling partner to arrange with Cuban authorities for Medellin Cartel planes carrying cocaine from Nicaragua to Andros Island in the Bahamas to pass over Cuban air space. Within days, Vesco had obtained approval from the Cuban authorities for the overflights.

Back in Washington, D.C. a senior official of the Latin American Department of the Anti-Defamation League, Rabbi Morton Rosenthal, was being ushered into the White House to deliver a background briefing to the President on the Sandinista government's anti-semitism. ADL pledged to help the Reagan Administration in its secret war to overthrow the anti-semitic Sandinista regime in Managua. The Medellin Cartel also reportedly pledged its support to the Reagan effort. As a part of the anti-Sandinista effort, bankers for the Medellin Cartel would covertly provide pilots, aircraft and millions of dollars in cash to the Reagan administration's secret war.

Meyer Lansky and his ADL compatriots had learned long ago to hedge their bets and always invest in both sides in every conflict, whether an electoral campaign or a war.

Ironically, Kenneth Bialkin's prize client Robert Vesco was basking in the Cuban sun aboard a yacht, which he had purchased from his longtime friend, Arab billionaire Adnan Khossoghi. At the same time, Bialkin was personally representing Khossoghi in a series of secret financial transactions that provided the Reagan administration's Secret Team (Marine Lieutenant Colonel Oliver North and retired Air Force General Richard Secord) with tens of millions of dollars to purchase



(15)

...sons for Iran's Ayatollah Khomeini and for the Nicaraguan Contras. The secret bank account in Switzerland through which the funds passed was managed by a Zurich-based attorney named Willard Zucker. Zucker had been the European representative of Willkie Farr and Gallagher and had been one of Bialkin's closest collaborators in the IOS takeover by Vesco.

While all of the above-described events were unfolding, Kenneth Bialkin was actively serving as the National Chairman of the Anti-Defamation League.

U.S. presidents come and go, wars end, but the longterm goal of Meyer Lansky to bring the National Crime Syndicate into the forefront of American business and politics remained as a constant.

Beginning in the mid-1980s, Kenneth Bialkin was already involved in the next phase of the Lansky grand scheme. He was working to put together the elaborate financial infrastructure through which the billions of dollars in annual profit from underworld activity could be repatriated back into the United States.

Just as he helped pioneer Robert Vesco's shifting of the Lansky fortune to offshore banking havens in the Caribbean, Bialkin would now orchestrate a string of dramatic corporate takeovers and mergers through which ownership of a vast chunk of corporate America would fall into the hands of the heirs of the National Crime Syndicate.

While still operating at Willkie Farr and Gallagher, Bialkin arranged the merger of American Express Corporation with several other Willkie Farr clients, including Shearson Loeb Rhodes and Safra Bank of Edmond Safra. Shortly after the AmEx-Shearson merger, federal investigators discovered that the credit card and merchant banking conglomerate was involved in a multi-million dollar check kiting scheme on behalf of organized crime. American Express offices in Philadelphia, Pennsylvania and Paris, France were raided by U.S. Customs and Federal Bureau of Investigation agents, top officials were indicted.

A far more serious link between the Bialkin clients and international criminal enterprises was suppressed before any indictments could be handed down. That case involved Edmond Safra, a Bialkin client and leading ADL backer who owned Republic National Bank in New York City, as well as a string of banks in Switzerland and Brazil.

In 1988, U.S. Drug Enforcement Administration and U.S. Customs officials operating out of the Berne, Switzerland American embassy, discovered that a Zurich based company, Shakarchi Trading Company, was serving as a money laundering channel for both Middle Eastern and Latin American drug running networks. The Berne-based investigators tracked shipments of gold and cash garnered from hashish and opium trade from Lebanon through Turkey and Bulgaria into Zurich, where couriers from Shakarchi picked up the items. The gold was sold and the proceeds, along with the cash shipments were wired into an account at the Republic National Bank in New York City.

Simultaneously, DEA investigators working on "Operation Polar Cap," a probe of Los Angeles, California based money laundering fronts servicing the Medellin Cartel, discovered that cocaine profits were being wired from Los Angeles into the same numbered bank account at Republic National Bank. A firm link had been established between two apparently independent drug trafficking organizations: both were being serviced by the same money washing outfit, Shakarchi Trading Company.

The American investigators in Switzerland, in probing the background of Shakarchi, discovered that the firm's founder, Mohammed Shakarchi, had been a lifetime friend and business associate of Edmond Safra, the owner of Republic National Bank. The investigators concluded that Safra and Shakarchi were likely partners in the vast international drug money laundering structure. The investigators further found that the husband of Switzerland's Vice President and Justice Minister, Elizabeth Kopp, had been placed onto the board of Shakarchi Trading Company, and that his wife had warned him to remove his name before Swiss and American indictments could be handed down. The ensuing scandal resulted in Mrs. Kopp's resignation from her post. Mohammed Shakarchi's two sons were jailed for their part in the laundering scheme, but for reasons that still remain a mystery, the expected indictment against Edmond Safra never happened.

There is some speculation that Safra's indictment would have created havoc from Wall Street to the ADL headquarters at United Nations Plaza. Since the Syrian-born Jewish banker had been for a period of time the president of the merchant banking division of American Express, sharing a seat on the AmEx board with Henry Kissinger and Bialkin. Furthermore Safra had worked closely with Bialkin law partner and Iran-Contra figure Willard Zucker in setting up a corporate jet service used by members of the North-Second team throughout the secret negotiations with Tehran over the release of American hostages in Lebanon.

The mega-merger of American Express, orchestrated by Kenneth Bialkin, was but a harbinger of bigger corporate mergers and acquisitions on the horizon that would place control of some of America's most prestigious and powerful corporate giants in the hands of ADL linked shady characters.

To further his role in those corporate takeovers, Bialkin, in January 1988 left Willkie Farr to join the world's largest, and perhaps dirtiest law firm, Skadden Arps, Slate, Meagher & Flom.

By its own published accounts, Skadden Arps today employs over one thousand attorneys, over two thousand clerical and support personnel, has offices throughout the United States, the Far East and Europe. In 1989, the firm billed its clients over \$400 million in fees. Despite these impressive financials, Skadden Arps has also been implicated in the biggest white collar crimes of the decade, if not the century.

Skadden Arps specializes in mergers and acquisitions. Attorney Joseph Flom, a founding partner of the firm, is widely credited with developing the technique alternately called "leveraged buy-out," "hostile takeover" or "corporate raid." Chief among Skadden Arps' clients in the merger-mania that swept the American corporate sector from 1985-88 was the brokerage house of Drexel Burnham Lambert, home of junk bond peddler Michael Milken. Milken and his close associate Ivan Boesky cut a wide path through corporate America beginning in 1985, orchestrating a series of dramatic corporate hostile takeovers by floating high yielding "junk bonds" to generate the working capital for sudden stock purchases. The scheme was doomed to fail from the outset at least from the standpoint of traditional investment criterion. Companies like the Campeau Corporation, bought up a string of department store chains throughout the United States and Canada - only to find that the combined cash flows of those captured firms did not produce enough money to even cover the interest payments on the loans taken out to make



17  
purchases.  
A bad situation turned worse for Drexel Burnham, Milken and Boesky as federal prosecutors soon discovered that the takeover mania had been run on the basis of inside information being passed on to stock purchasers, enabling them to realize fantastic profits on their stock acquisitions - at the ultimate expense of the raided companies. Boesky, Milken and Drexel were all indicted by the U.S. Department of Justice.

In the meantime, however, through the mechanism of the "junk bonds" some of the leading financial front men for the old Lansky organization had found an invisible mechanism for funneling their offshore profits back into the United States. At the height of the corporate raids of the mid and late 1980s, an estimated seventy percent of all the cash invested in junk bonds was put up by Drexel Burnham Lambert. Nobody questioned where the firm got the money from. And Drexel certainly did not make their list of privileged investors known to the general public.

The major buyers of the Drexel paper were known: Saul Steinberg of the Reliance Group, a Bialkin client from the Willkie Farr days and a junior partner of the British Rothschilds on the model of Bernie Cornfeld; Carl Lindner, the Cincinnati, Ohio based mortgage guarantor long suspected of ties to the Lansky organization; Victor Posner, another longtime Lansky associate.

While Boesky and Milken went off to federal prison, the attorneys at Skadden Arps who had structured the takeover schemes and had been in the best position to control the flow of insider information, walked away without an indictment.

ADL Chairman Bialkin had been well insulated. In addition to his so-called charitable work with the League, Bialkin sat on the Legal Advisory Committee of the Board of Directors of the New York Stock Exchange. He was the chairman of the Corporation, Banking and Business Law Committee of the American Bar Association and had earlier been the chairman of the ABA's Federal Regulation and Securities Committee. And during the Reagan Administration, Bialkin was appointed to a Presidential Panel assigned to study and recommend reforms in the entire federal regulatory system. Joining Bialkin on the committee was C. Boyden Gray, who was then the General Counsel to Vice President George Bush. Today, Gray is the General Counsel to the President. Gray's is also an heir to the R.J. Reynolds Tobacco Company fortune - a fortune that grew considerably following the company's merger with the National Biscuit Company (Nabisco), a company with ties to the Anti-Defamation League dating back to the League's founding. In 1988, RJR Nabisco became the target of the biggest takeover war in the history of corporate America. The final price tag on the stock purchases was over \$25 billion. Skadden Arps handled the transaction from beginning to end on behalf of Kohlberg, Kravis, Roberts & Co..

The potential profits for a well-placed inside trader with a "friend" at Skadden Arps were almost incalculable. Over the course of the fourteen months from when the initial secret negotiations between RJR Nabisco and Kravis began to when the final stock sale was signed, RJR stock values soared from a low of \$41 to a peak value of \$108, a jump of nearly two hundred percent.

Where did the profits land?

According to one U.S. intelligence expert on Israeli politics, a very sizeable portion of the profits from the RJR takeover, as well as

Another major leveraged buy out run by Skadden Arps, Drexel Burnham, General Milken, Ivan Boesky, et al. went into a war chest to finance Israel's next military showdown with its Arab neighbors. According to this former Israeli-posted foreign service officer, beginning in 1982, a super-militant grouping in Israel centered around General Ariel Sharon began accumulating a secret slush fund which now amounts to over \$25 billion. The money came principally from illegal activities - ranging from the kinds of leveraged buy-out schemes perfected by Skadden Arps to more straightforward criminal enterprises such as narcotics trafficking, arms smuggling and technology theft.

This self-described, Sharon sponsored "Israeli Mafia" was in fact an appendage of the North American National Crime Syndicate - by this period dominated by prominent personalities in the Anti-Defamation League orbit, such as Kenneth Bialkin, Edgar Bronfman, Meshulam Riklis, the Reichman brothers, Edmond Safra, and Henry A. Kissinger.

In the same way that Riklis was used by the ADL Lanskyites as a conduit to the hooligan Robert Vesco, Riklis was once again called upon by his ADL patrons in the early 1970s to take up the cause of General Sharon. Sharon had singled himself out as a ruthless, corrupt and nearly obsessively ambitious personality, who would be willing to sign a pact with the Devil himself if it might mean his becoming the King of Israel. Riklis became Sharon's financial benefactor, purchasing him a ranch in the Negev Desert, which became the headquarters of a plot to sieze absolute control over Israel.

By the time that Riklis established his ties with Sharon, the one-time British police spy who had been condemned to death by the Jewish underground, had amassed a tremendous personal fortune and corporate empire. His flagship company, Rapid America Corporation, owned a string of high priced New York City office towers, as well as a telecommunications equipment leasing company. One of Riklis'

lieutenants, Arie Genger, became the go-between to General Sharon. When Sharon became Defense Minister of Israel during the Likud Party Prime Ministership of Menachim Begin in the late 1970s, he brought Genger to Israel to serve as his deputy in charge of all foreign arms imports and exports.

Sharon had been designated by the heirs of Meyer Lansky - if not by Lansky himself - to oversee the Jewish syndicate's takeover of the Israeli economy and its governing institutions.

Lansky knew that he needed a military man to pave the way for the transformation of Israel into a syndicate homeland. In the late 1960s, he had deployed one of his longtime associates, Joe "Doc" Stracher to Israel. Stracher's mission was to permanently settle in the Jewish State and pave the way for Meyer Lansky himself to move to Israel. Under the "Law of Return" any American Jew who moved to Israel could immediately become an Israeli citizen. Stracher let it be known among prominent rightwing Israeli politicians that Meyer Lansky was prepared to personally invest \$750 million into the Israeli economy - to build a complex of resort hotels, gambling casinos and other similar enterprise that would transform Israeli into a "new Riviera."

To Israel's good fortune, a group of patriots, apparently centered in the Israeli Defense Force and its intelligence branch, resisted the Lansky offer. They gathered up sufficient evidence that Lansky had



Lansky moved in through surrogates and built up an organized crime apparatus that they succeeded in denying the National Crime Syndicate boss his Israeli citizenship. In 1970, shortly after his arrival, Lansky was forced to leave Israel. The American government had threatened to withhold delivery of fighter jets that Israel desperately needed unless the Israeli government cooperated with the American extradition request.

Lansky's hopes of personally overseeing the transformation of Israel into the world headquarters of organized crime were dashed, but the scheme continued. Lansky had already made sure of that.

The National Crime Syndicate's major leverage over Israel lie in the fact that it was the smuggling capabilities of the Jewish mob that had been pivotal to Israel's war for independence. Leading members of the Lansky syndicate had helped smuggle arms to the Jewish underground fighting to establish a Jewish state in Palestine at the close of World War II. Without that syndicate backing, the State of Israel would have never come into being.

In 1968, Israeli Finance Minister Pinchas Sapir, the architect of Israel's offshore banking operations, sponsored what was called the "Millionaires' Conference" in Jerusalem. The ostensible purpose of the meeting was to solicit investments from America's wealthiest Jews in Israel's rapidly expanding high technology industries. The list of participants - almost every one a crony of Meyer Lansky - tells the real tale. The attendees included Louis Boyar and Sam Rothberg, both known Lansky business associates; Henry Crown, another "former" Jewish mobster who parlayed a wartime scrap metal business into a corporate giant, Material Services Corporation; Max Fisher, a onetime leader of the Prohibition Era Purple Gang that ran the bootlegged whiskey concessions in Detroit, Michigan who later took over the United Fruit Company; Ray Wolfe, an associate of the Bronfman family, formerly known as the Sam Bronfman Gang of Canada; Shaul Eisenberg, Israel's leading gun runner and a top official of the Israeli intelligence service, the Mossad; Raphael Recanati, head of the Israel Discount Bank and widely thought to be the secret controller of the indigenous Israeli mafia; and Phillip Klutznik, a top official of the ADL and a partner of Eisenberg in the money laundering American Bank and Trust Company of New York.

The scheme, which actually represented a foreign criminal move to take over the Israeli economy, was cynically dubbed "Project Independence."

To centralize the "investments" into Israel that were pledged by the participants in the meeting, a state sector company was setup in Israel called the Israel Corporation. Banking operations for the Israel Corporation were arranged through none other than Tibor Rosenbaum, the Swiss-based head of the International Credit Bank and a one time chief of logistics for the Mossad. By the time of the Jerusalem "Millionaires' Club" meeting, Rosenbaum was already in bed with Cornfeld, Lansky and Lansky's lieutenant Alvin Malnik, whose Caribbean-based World Commerce Bank had already funneled \$10 million in Lansky profits into Rosenbaum's Swiss bank. The Malnik-Rosenbaum interbank operation had also established a New York based affiliate in the American Bank and Trust Company of top ADL official Phillip Klutznik, one of the "Millionaires' Club" charter members..

The Lansky crew set up their operations at the Sheraton Hotel in Jerusalem, under the supervision of "Doc" Stracher, who immediately began funneling money into Israel's National Religious Party through party official Haim Bassoc, and into the Agudath Israel settlement movement led by Rabbi Menachem Porush. Both the National Religious Party and Agudath Israel were very close with the rightwing Herut Movement of Menachim Begin. Lansky money also was poured into the Gush Emunim movement, which sought to expand the illegal Jewish settlements in the West Bank and Gaza Strip territories siezed and occupied by Israel during the 1967 Six Day War.

The Lansky Plan for Israel gradually came to be synonymous with the expansion of the Jewish settlements in the West Bank and Gaza. When the Begin Likud government came into power in 1977, the plan took off.

At the urging of his financial angel Meshulam Riklis, General Ariel Sharon had resigned from the Israeli Defense Force to run for the Knesset (Israel's parliament) in 1975. Under Begin, Sharon was appointed Agricultural Minister, a position he immediately used to push the rapid expansion of the Jewish settlements. By 1981, an estimated 30,000 Jews had been relocated to the occupied territories.

By that point, Sharon had been named Defense Minister. According to well-placed Israeli military sources, Sharon during this period began secretly meeting with highlevel Soviet military officials in Cyprus. The purpose of the meetings was to negotiate the mass exodus of a projected one and a half million Soviet Jews to Israel over the next decade. The bulk of those Jews, according to Sharon's plan (really an elaboration of the original Lansky Plan) would be settled in the West Bank and Gaza. The scheme would be dubbed "Landscam."

Landscam would receive enthusiastic backing from not only the Anti-Defamation League circles in the United States, but, also from some leading Freemasonic circles in London, who carried on the Scottish Rite tradition of sponsoring the cult of Zionism.

Beginning in the spring of 1982, on the eve of the Israeli invasion of Lebanon, a series of secret meetings were held to get the Landscam project off the ground.

The first of the meetings took place at the Negev Desert ranch of Ariel Sharon, which had been purchased for him by ADL frontman Meshulam Riklis. The meeting was attended by a rather extraordinary collection of people, according to eyewitness accounts and news reports:

\* Sharon

\* Henry A. Kissinger, by now the head of a private international consulting firm, Kissinger Associates;

\* Major Louis Mortimer Bloomfield, a Montreal attorney who attended the meeting representing the Bronfman family interests. Bloomfield had been a World War II operative of the super-secret British Special Operations Executive (SOE), later becoming a partner in the British-American-Canadian Corporation, a postwar front for British Intelligence operations in North America. In the late 1950s, Bloomfield setup the Permindex Corporation ("Permanent Industrial Expositions"), which was accused of being involved in both the assassination of President John F. Kennedy and the attempted assassination of French President Charles DeGaulle. In addition to being the attorney for Edgar Bronfman (he reportedly attended the Sharon ranch meeting as the Bronfman representative), Bloomfield had been a close associate of



International Credit Bank's Tibor Rosenbaum and had been also linked through the Permindex board to Jewish mob lawyer Roy Cohn.  
\* "Dirty" Rafi Eytan, a career Mossad officer and longtime political ally of Ariel Sharon. Eytan held two posts within the Begin government. He was the head of the Prime Minister's Office of Terror Against Terror, an elite covert operations unit deployed to conduct secret operations against Arab and Palestinian "enemies" of the State of Israel. He was also the head of LAKAM, a little known espionage unit in the Defense Ministry responsible for technical intelligence gathering. LAKAM ran Israeli-Soviet spy Jonathan Jay Pollard.

\* General Rehavam Ze'evi, a former Israeli Defense Force officer who had quit the military in 1977 to become a "private" counter-terrorist consultant to the government of Ecuador. This move to South America was made on behalf of Ariel Sharon and the Israeli mafia. Ze'evi was implicated in the 1980 military coup d'etat in Bolivia which installed the infamous "Cocaine Colonels," under whose direction Bolivia emerged as the world's leading coca producer and business partner of the Medellin Cartel. By the time of the Sharon ranch meeting, Ze'evi had been brought back officially into the Begin government as a consultant to the Justice Ministry. This did not prevent him from joining with Sharon in a widely publicized 1981 tour of Central America in which the two former Israeli generals setup an elaborate network of arms traffickers who would work in conjunction with the emerging Latin American drug trafficking apparatus.

\* Ariele Genger, the Vice President of Riklis' Rapid America Corporation, who would soon become Sharon's deputy at the Israeli Defense Ministry responsible for overseas arms sale. That post placed Genger in liason with the arms traffickers installed all over the Caribbean region by Ze'evi and Sharon.

\* Eli Landau, an Israeli journalist and right-hand man to Ariel Sharon.

A second meeting took place on October 15, 1982 in the Chouf Mountain region of Lebanon, a then occupied by Israeli military forces under the command of Defense Minister Ariel Sharon. Sharon, Lebanese Falange boss Camille Chamoun, Australian newspaper magnate Rupert Murdoch, several Israeli and Lebanese government officials and writer Uir Dan were in attendance. Dan would author a laudatory biography of Meyer Lansky. The third meeting aimed at drawing in investors to the Landscam operation occurred in London on November 15, 1982. In addition to Sharon and Henry Kissinger, the attendees included: Lord Peter Carrington, by now a partner with Kissinger in the Kissinger Associates firm; Lord Harlech (Sir David Ormsby-Gore), the British ambassador in Washington during the Kennedy administration and a close ally of Carrington; former U.S. Secretary of State Alexander Haig; British parliamentarian Julian Amery; British Zionist Sir Edmund Peck; and British Intelligence's former Mideast station chief Nicholas Elliot, still a senior official of MI-6.

Through a variety of front men and front organizations, the participants in the series of Landscam planning meetings began buying up Arab lands in the occupied territories and in sections of the Old City of Jerusalem that were specifically designated as Moslem and Christian quarters.

By the end of the 1980s, the foundations had been laid for the final

(22)

of Landscam: the mass exodus of Soviet Jews to Israel and the  
territories.  
entual mass expulsion of all the Arabs residing in the occupied

At this stage, another Anti-Defamation League Lansky man stepped in to assume the pivotal role in the program - in much the same way that ADL National Chairman Kenneth Bialkin had overseen the repatriation of billions of dollars in crime revenues into the U.S. corporate, banking and real estate domains during the 1970s and 1980s.

The point man was Edgar Bronfman, the son of Prohibition Era bootlegger Sam Bronfman and the heir - along with his brother Charles and several cousins - to the Seagrams whiskey empire. The Bronfman family epitomized the syndicate success formula: from rags to rackets to riches to respectability.

Edgar Bronfman's grandfather Yechiel emigrated to Canada from the Bessarabia region of Romania in 1889 as a virtual indentured servant to the Baron de Hirsch Fund, by then already closely allied with the B'nai Brith. At this time, top British Zionists including Moses Montefiore, Baron Alfred de Rothschild and Maurice de Hirsch had struck a deal with the Hudson Bay Company, the British Colonial Office corporate front in charge of the administration of Canada, to finance a wave of Eastern European Jewish colonization in the barren provinces of Manitoba and Saskatchewan. It was here that Yechiel Bronfman landed.

The first generation Bronfman (the name in yiddish literally means "liquorman") to land on the shores of North America immediately got himself involved in the rackets, eventually opening up a string of whore houses. When Canadian Prohibition began in 1915, Yechiel Bronfman's whore houses became the illegal nightclubs, where bootlegged whiskey, smuggled across the border from the United States, would be served.

Canada's experiment with Prohibition ended as the American Prohibition was beginning, and Yechiel Bronfman and his sons, Abe and Sam were already in a position to shift from purchasers to suppliers of illegal whiskey - and narcotics. In 1916, Abe and Sam Bronfman had parlayed the family's bootleg and prostitution revenues into the ownership of the Pure Drug Company. The company, according to some accounts, began importing narcotics from the Far East into Canada. It is certain that the production facilities of the Pure Drug Company began churning out cheap whiskey to flood the American markets once Prohibition began in the United States.

The Bronfmans were the principle suppliers of the Meyer Lansky National Crime Syndicate throughout the Prohibition period. The family amassed a fortune selling "chickencock" - the name given to their whiskey. According to U.S. government records, between 1920 and 1930, over 34,000 Americans died of alcohol poisoning drinking the Bronfman brew.

When Canadian police moved against the "Bronfman Gang" in 1926, Yechiel's four sons set up the Atlas Shipping Company to ship their whiskey to the Caribbean, where it was transferred to boats owned by the Reinfield Syndicate, the "Jewish Navy" and other Lansky syndicate rum runners.

At the close of Prohibition, Sam Bronfman negotiated a deal with the U.S. Treasury Department to pay several million dollars in back taxes - a miniscule portion of the illegal profits the family derived from the Prohibition whiskey and drug running. The purpose of the payment was to clear the decks for the Bronfman family's overnite transformation into



ing lights of the Canadian Zionist Establishment:

In 1934, Sam Bronfman was made President of the National Jewish Peoples Relief Committee of Canada. In 1939 he was named director of the Jewish Colonization Committee, formerly the Baron de Hirsch Fund (the very agency that had paid his father's way to Canada exactly fifty years earlier). At the close of World War II, Sam Bronfman established the National Conference of Israeli and Jewish Rehabilitation. Despite the fancy name, the organization was principally involved in smuggling military equipment to the Haganah Jewish underground in Palestine.

By this time, the Bronfman sons had transformed their bootleg fortune into a "legitimate" business - Seagrams Distillers of Canada. In the next generation, the family would move, by marriage, into the very center of the Zionist Establishment of North America. Edgar Bronfman married Ann Loeb and immediately became attached to the Loeb Rhodes interests of Wall Street. Phyllis Bronfman married Jean Lambert and suddenly the Bronfmans were in the extended Rothschild family. Baron Lambert was part of the Belgian branch of the Rothschild clan. The New York investment house of Drexel Burnham Lambert, that would play such a pivotal role in Kenneth Bialkin's later corporate takeover schemes, were absorbed into the Bronfman orbit.

Even while the Bronfman family pursued a steady march from rags to rackets to riches to respectability, some members of the core family could not wholly abandon the old syndicate ties.

In 1972, the Montreal Crime Commission issued a report identifying Edgar Bronfman's nephew Mitchell Bronfman as a crime partner of one of Montreal's leading gangsters, Willie Obront. According to the report, Mitchell Bronfman's links to Obront "extends into illegal activities in which they have mutually or jointly indulged ... the special kinds of favors they did for each other and the resulting advantages of each in the fields of loan sharking, gambling, illegal betting, securities, tax evasion and corruption." In the mid-1970s, Obront and another Mitchell Bronfman cronie, Sam Rosen, were both jailed for drug money laundering. One joint venture of Obront and Bronfman, the North Miami nightclub Pagoda North, was identified by American law enforcement authorities as a syndicate hangout frequented by Vito Genovese, the New York City Mafia boss.

Edgar Bronfman, the president of the World Jewish Congress, the Honorary Vice Chairman of the Anti-Defamation League and the Chairman

the ADL's key fundraising arm, the Northeast Appeal, was another major beneficiary of the Skadden Arps law firms expertise in corporate takeovers.

In the mid-1980s, Irving Shapiro, the Chairman of the Board of the DuPont Chemical Corporation, one of America's oldest and largest industrial concerns, retired from his corporate post to become a partner in Skadden Arps. Shortly after his arrival at the law firm, Edgar Bronfman's Seagrams Corporation began buying up stock in the DuPont company, eventually taking over a controlling interest. Shapiro, who worked closely with Bronfman during his tenure as President of the Business Roundtable, was reportedly a key inside player in the Bronfman takeover of DuPont.

Parenthetically, after his shift from DuPont to Skadden Arps, Irving Shapiro helped recruit his son Isaac to the firm as well. Isaac brought

24

him the lions share of Japanese real estate investors in the United States, who had been his clients at his previous firm, the Blueblood Milbank, Hadley, Tweed and McCoy.

Armed with a string of prestigious titles as a leading Zionist philanthropist and corporate billionaire, Edgar Bronfman launched a systematic effort in the mid-1980s to implement Meyer Lansky's second dream - the syndicate takeover of Israel.

If there was a single official of the ADL equipped to convince the Soviet government to open the floodgates of Jewish emigration and to insure that the Russian Jews landed in Israel, it was Edgar Bronfman.

Through his Seagrams distributorships, Edgar and his brother Charles had cultivated a cozy relationship with some of the most powerful figures in the Communist world, beginning with East German Communist Party chief Erich Honnecker. Through the West German branch of Seagrams, the Bronfmans had arranged to supply the East German Communist Party with unlimited quantities of Seagrams liquors, which were doled out free of charge to the most senior ranking members of the party. By 1986, a Bronfman emissary in East Berlin had established close ties with Klaus Gysi, the East German Minister of Religious Affairs and the father of Honnecker's successor as head of the the Communist Party (SED), Gregor Gysi. The Gysis are Jewish.

In 1988, Edgar Bronfman himself traveled to East Berlin to meet with Honnecker and East German Communist Party official Herman Axen. During that visit Bronfman pledged that he would arrange a state visit for Honnecker to Washington, D.C. A year later, on the eve of Honnecker's ouster and the overthrow of the communist dictatorship in East Germany, Bronfman received the highest civilian award given by the state, the "Peoples Friendship Medal in Gold."

With the Cold War rapidly coming to a close following the Reykjavik summit meeting between Soviet leader Gorbachov and American President Reagan in November 1986, Bronfman began an ambitious diplomatic drive on Moscow, paralleling his successful courting of the East Germans.

On January 23, 1989, according to a report published by syndicated columnists Evans and Novak, Edgar Bronfman held a secret meeting at his New York City penthouse to plan out the Soviet Jewish exodus. In attendance at the session was Dwayne Andreas, the chairman of the grain cartel Archer Daniels Midland who was identified in the Wall Street Journal as Gorbachov's "closest pal" in the West. Bronfman's plan was simple: in return for assurances that the United States would supply urgently needed grain shipments to the Soviet Union, Moscow would allow Soviet Jews to move to Israel. To assure that the Soviet Jews would

arrive in the West and then either travel to the United States or remain in Europe, Bronfman's World Jewish Congress had already launched a vicious slander campaign against Austrian President Kurt Waldheim branding him as a wartime Nazi collaborators who had participated in the extermination of the Jews of Eastern Europe. Bronfman's campaign was aided by forged documents allegedly provided by the Soviet KGB and other Soviet Bloc secret police agencies. The scandal led to a serious rift in American-Austrian relations. As the result, Austria, which had previously been the major transit point for Soviet Jews fleeing to the West, was shut off to Soviet Jewish emigre. Alternative routes were established through Hungary and Poland - with the caveat that the Soviet



...s would only be allowed to emigrate to Israel.  
Evans and Novak denounced the Bronfman scheme as a cynical effort to trade "Jews for grain." The harsh words did not bother Bronfman in the least. As the heir to the "Bronfman Gang" his family had been called worse. Besides, the ADL man realized that he was personally repaying a longstanding family debt to Meyer Lansky - and was fulfilling the second grand dream of the crime czar: the takeover of Israel.